

Message Text

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ACTION EUR-25

INFO OCT-01 IO-15 ISO-00 SCI-06 ACDA-19 CIAE-00 INR-10

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 7900

INFO USMISSION EC BRUSSELS

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C O N F I D E N T I A L BONN 14563

E.O. 11652:GDS

TAGS: TECH, PFIN, GW

SUBJECT: FRG PURCHASE OF URANIUM ENRICHMENT SERVICES
FROM USSR - - OFFSET -- CASEY-HERMES DISCUSSIONS

1. SUMMARY: FOLLOWING THE US-FRG OFFSET NEGOTIATING
ROUND AT THE FONOFF ON OCTOBER 5, ASSISTANT SECRETARY
FOR ECONOMIC AFFAIRS HERMES BRIEFED UNDER SECRETARY
CASEY ON THE STATUS OF GERMAN ENRICHED URANIUM
NEGOTIATIONS WITH THE USSR. END SUMMARY.

2. READING FROM A BRIEF, HERMES DISCLOSED THAT THERE
ARE 3 CONTRACTS TO BE NEGOTIATED, WHICH IT IS HOPED
WILL BE CONCLUDED DURING THE OCTOBER 8-12
NEGOTIATIONS BEING CARRIED OUT BY RWE WITH
TEKSNABEXPORT. HERMES SAID THAT THE FRG EXPECTS THE
DEAL WILL BE COMPLETED AND THE CONTRACTS SIGNED THIS
MONTH. EURATOM HAD BEEN INCLUDED, HERMES CONTINUED,
AND WILL BE ENABLED TO CO-SIGN. COCOM PROCEEDINGS
HAD BEEN STARTED.

3. HERMES NOTED THAT THE FRG HAS DISCUSSED THE MATTER
IN WASHINGTON AND IS AWARE OF THE /USG REACTION, I.E.,
THAT IT HAS MIXED FEELINGS ABOUT THESE DEALS. IN
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RESPONSE, THE FRG WOULD POINT OUT THAT THESE CONTRACTS

WOULD MEAN THAT USSR URANIUM ENRICHMENT SUPPLIES
WOULD ACCOUNT FOR ONLY 3.4 PERCENT OF TOTAL
FRG ELECTRICAL ENERGY REQUIREMENTS IN 1980, WHEREAS THE
CRITICAL POINT OF DEPENDENCE ON THE USSR FOR ENERGY
SUPPLIES IS SEEN BY THE FRG AS AROUND 6-8 PERCENT.
CASEY INQUIRED ABOUT THE 1980 SHARE OF SOVIET GAS IN FRG
ENERGY SUPPLIES AND, UPON HEARING HERMES' ESTIMATE OF
2 PERCENT, POINTED OUT THAT THE FRG SEEMS TO BE VERY
CLOSE TO ITS CRITICAL POINT.

4. REFERRING TO THE OFFSET DISCUSSIONS EARLIER IN THE
MORNING, CASEY ASKED WHETHER THE SUGGESTION FOR THE
INCLUSION OF URANIUM PURCHASES IN THE OFFSET AGREEMENT
UNDER NEGOTIATION WAS STILL A POSSIBILITY IN THE LIGHT
OF THE INFORMATION HERMES HAD PROVIDED OR WHETHER A
POSSIBLE US SALE WOULD BE PREEMPTED BY THE EXPECTED
USSR DEAL. HERMES WAS NOT ABLE TO OBTAIN THE ANSWER TO
THIS QUERY AND PROMISED TO INFORM THE EMBASSY AS SOON AS
POSSIBLE.
HILLENBRAND

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